

Message Text

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PAGE 01 STATE 062525
ORIGIN NEA-10

INFO OCT-01 EUR-12 ISO-00 L-03 AID-05 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00
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-----076479 111647Z /20

P R 102253Z MAR 78
FM SECSTATE WASHDC
TO AMEMBASSY DAMASCUS PRIORITY
AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
USINT BAGHDAD
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY SANA
AMEMBASSY TRIPOLI
INFO AMCONSUL ALEXANDRIA
AMEMBASSY ATHENS
AMCONSUL DHAHRAN
AMEMBASSY TEL AVIV

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PAGE 02 STATE 062525

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: ARAB BOYCOTT: DEALING WITH BOYCOTT OFFICE
QUESTIONNAIRE/ENFORCEMENT PRACTICES

REF: A) MANAMA 581 (NOTAL); B) BEIRUT 1243 (NOTAL);
C) DAMASCUS 1337 (NOTAL)

1. RECENT REPORTS OF PROBLEMS WHICH U.S. FIRMS FACE IN DEALINGS WITH BOYCOTT OFFICE QUESTIONNAIRES/ACCUSATIONS RAISE ISSUE OF HOW U.S. FIRMS CAN BEST DEAL WITH THIS PROBLEM WITHIN CONSTRAINTS OF EXPORT ADMINISTRATION ACT (EAA) REGULATIONS.

2. IN THE PAST, MOST FIRMS HAVE SOUGHT TO WORK OUT THESE PROBLEMS ON THEIR OWN USING AGENTS, CLIENTS, GOVERNMENT CONTACTS, LOCAL ATTORNEYS IN BOYCOTTING COUNTRIES OR MAKING DIRECT APPROACHES TO CENTRAL BOYCOTT OFFICE (CBO) OR TO LOCAL BOYCOTT OFFICES. IN A VERY FEW CASES, FIRMS HAVE ASKED USG TO MAKE REPRESENTATIONS TO SELECTED ARAB GOVERNMENTS SUPPLEMENTING FIRMS' OWN EFFORTS TO COUNTER THREAT OF BLACKLISTING.

3. IN THE SINGLE INSTANCE WE CAN RECALL WHERE EMBASSY DAMASCUS WAS ASKED TO MAKE AN INQUIRY TO CBO ABOUT THE REASON UNDERLYING A BOYCOTT DECISION (DIRECTED AT THE MASONS), CBO RESPONSE WAS UNHELPFUL DIATRIBE.

4. MEETING WITH MAGHOUB BY COMMERCE/STATE DELEGATION LAST OCTOBER INDICATED HARDLINE POSITION ON PART OF CBO ON CONTINUED USE OF QUESTIONNAIRES AND OTHER ROUTINE ENFORCEMENT PRACTICES BY CBO (IN CONTRAST TO FAIRLY LIMITED OFFICIAL USE

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PAGE 03 STATE 062525

RELAXED ATTITUDE ON PART OF CBO TOWARD CHANGES IN COMMERCIAL DOCUMENTATION USED BY ARAB COUNTRIES IN SPECIFIC TRANSACTIONS WITH U.S. FIRMS).

5. REFTEL A INDICATES PROBLEMS WHICH BUTLER MANUFACTURING AND ARMSTRONG CORK FACE AS CONSEQUENCE OF BOYCOTT QUESTIONNAIRES/ALLEGATIONS. SMITH-KLINE (PHARMACEUTICALS) OF PHILADELPHIA ALSO FACES DIFFICULT PROBLEM AS RESULT OF BOYCOTT QUESTIONNAIRE. BECAUSE OF CBO DISCOVERY THAT INDIAN SUBSIDIARY OF SMITH-KLINE USED ISRAELI RAW MATERIALS FOR PRODUCTION FOR INDIAN MARKET, CBO HAS SOUGHT GENERAL UNDERTAKING BY SMITH-KLINE THAT IT WILL NOT USE ISRAELI SUPPLIED MATERIALS FOR ITS U.K. OPERATIONS. ASSURANCES BY SMITH-KLINE CONSISTENT WITH EAA REGULATIONS THAT IT WOULD NOT USE ISRAELI MATERIALS IN PRODUCTS EXPORTED TO ARAB BOYCOTTING COUNTRIES HAVE NOT SATISFIED CBO WHICH WANTS GENERAL ASSURANCE THAT SMITH-KLINE WILL NOT USE ISRAELI MATERIALS AT ALL. (LATTER REQUIREMENT SEEMS TO GO WELL BEYOND LIMITS WITHIN WHICH BOYCOTT RULES GENERALLY HAVE BEEN APPLIED.) SMITH-KLINE HAS CORRESPONDED WITH CBO THROUGH U.K. SUBSIDIARY WHICH HANDLES ITS ME MARKETING.

6. FOR DAMASCUS. WE WOULD LIKE EMBASSY ASSESSMENT OF HOW FIRMS CAN BEST DEAL WITH QUESTIONNAIRE/ENFORCEMENT PRACTICES INVOLVING THE CBO. ARE APPROACHES TO CBO THROUGH INTERESTED AGENTS OR GOVERNMENTS LIKELY TO BE EFFECTIVE? WOULD LEGALISTIC APPROACH USING SYRIAN ATTORNEY CARRY WEIGHT (E.G., ARGUING THAT CBO IS MIS-APPLYING BOYCOTT RULES BY EXTENDING PROSCRIPTIONS TO ROUTINE PURCHASES FROM ISRAEL)? WHAT IS LIKELY RESULT OF INQUIRY AND/OR REPRESENTATION BY EMBASSY TO CBO WITH RESPECT TO PARTICULAR FIRM OR A PARTICULAR TRANSACTION? (EMBASSY WOULD NOT RPT NOT BE IN POSITION TO SUPPLY ANY INFORMATION CONCERNING U.S. FIRM'S DEALINGS OR LACK OF DEALINGS WITH ISRAEL).
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PAGE 04 STATE 062525

7. FOR OTHER ACTION ADDRESSEES: WE WOULD WELCOME YOUR VIEWS ON HOW MUCH HELP WE MIGHT BE TO U.S. FIRMS FACING SUCH BOYCOTT PROBLEMS BY MAKING REPRESENTATIONS TO HOST GOVERNMENTS SEEKING THEIR INTERVENTION EITHER DIRECTLY WITH CBO OR AT SEMI-ANNUAL BOYCOTT CONFERENCE MEETINGS. WHAT IS THE PROSPECT, FOR EXAMPLE, THAT SUCH USG INVOLVEMENT WOULD POLITICIZE AND THEREBY HINDER EFFORTS OF FIRMS WORKING THROUGH AGENTS, GOVERNMENTS OR ATTORNEYS TO BRING

ABOUT PRAGMATIC SOLUTIONS?

8. WE APPRECIATE THAT THERE MAY BE NO CLEARCUT ANSWERS TO A PROBLEM WHICH VARIES GREATLY DEPENDING UPON COUNTRY INVOLVED, INFLUENCE OF THE U.S. FIRM AND ITS AGENTS/ GOVERNMENT CONTACTS, CLIMATE OF BILATERAL AND REGIONAL POLITICAL RELATIONSHIPS, ETC. ON THE OTHER HAND, WE HAVE BEEN WELL AWARE OF THE SERIOUSNESS OF PROBLEM WHICH U.S. FIRMS FACE IN DEALING WITH CBO UNDER LIMITATIONS SET BY EAA REGULATIONS. IF THERE ARE AREAS WHERE USG INTERVENTION CAN BE HELPFUL OR IF GENERAL GUIDANCE CAN BE WORKED OUT WHICH ENHANCES FIRMS' OWN EFFORTS TO DEAL WITH THIS ASPECT OF OUR BOYCOTT DIFFERENCES WITH ARAB COUNTRIES, WE WOULD LIKE TO BE IN POSITION TO ASSIST AND COUNSEL FIRMS IN MOST APPROPRIATE MANNER.

9. TANGIER E/C CONFERENCE ALSO SHOULD AFFORD OPPORTUNITY TO EXCHANGE VIEWS ON THIS ASPECT OF BOYCOTT PROBLEM. IN THIS REGARD, WE WOULD LIKE TO HAVE REPRESENTATIVE FROM DAMASCUS AT TANGIER IF AT ALL POSSIBLE.
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Message Attributes

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Draft Date: 10 mar 1978
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Disposition Action: RELEASED
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Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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